

**In the Matter of the Bankruptcy of
Douglas Lighting Controls Inc.
of the City of Burnaby in the Province of British Columbia**

Minutes of the First Meeting of Creditors

Minutes of the First Meeting of Creditors (the “**Meeting**”) of Douglas Lighting Controls Inc. (“**Douglas**” or the “**Company**”), held virtually on June 27, 2023 at 09:00 a.m. Pacific Time using the Microsoft Teams.

ATTENDANCE

Amendra Singh, Office of the Superintendent of Bankruptcy
Karen Shi, Office of the Superintendent of Bankruptcy

Pritesh Patel, KPMG Inc.
Michelle Regan, KPMG Inc.
Adam Slavens, Torys LLP
Mike Noel, Torys LLP

Steven Wybo, representative of Douglas

Additional attendees (the “**Attendees**”) are as listed on the sign-in sheet attached hereto as **Appendix “A”**.

CALL TO ORDER

The Chairperson (as hereinafter defined) called the meeting to order at 09:11 a.m. Prior to that time, attendees were admitted to the meeting on the Microsoft Teams platform in an orderly fashion.

Amendra Singh, Senior Bankruptcy Analyst of the Office of the Superintendent of Bankruptcy (“**OSB**”) informed the Attendees that he would be chairing the Meeting (the “**Chairperson**”), as a nominee of the Official Receiver, pursuant to Section 51(3) of the *Bankruptcy and Insolvency Act* (the “**BIA**”) and that any questions or disputes arising at the Meeting would be decided by the Chairperson, and that any creditor may appeal the decision of the Chairperson to the Supreme Court of British Columbia (Commercial List) (the “**Court**”).

The Chairperson introduced Pritesh Patel and Michelle Regan of KPMG Inc. (“**KPMG**” or the “**Trustee**”), Mr. Wybo on behalf of the Company and Messrs. Slavens and Mr. Noel of Torys LLP (“**Torys**”).

The Chairperson reviewed the proofs of claim filed with the Trustee and confirmed that a quorum was present and declared the meeting validly constituted.

The Chairperson advised the Attendees that the purpose of the Meeting was to:

- Consider the affairs of the Company;
- Affirm the appointment of the Trustee or substitute another Trustee in its place;
- Appoint estate inspectors;
- Appoint Torys as solicitor to the estate; and
- Give such directions to the Trustee as the creditors may see fit with respect to the administration of the estate.

The Trustee verbally reported on the administration to date and noted the following documents were available for virtual review by any of the Attendees:

- Certificate of Appointment issued by the Office of the Superintendent of Bankruptcy;
- Statement of Affairs;
- Affidavit of Mailing of the Notice of Meeting;
- Proof of Advertising in the National Post;
- Security Opinion provided by counsel;
- Claims register, Proofs of Claim and Proxies; and
- Trustee's Report to Creditors on the Preliminary Administration (the "**Report**"). A copy of the Report is attached hereto as **Appendix "B"**.

TRUSTEE'S REPORT TO CREDITORS ON THE PRELIMINARY ADMINISTRATION

The Trustee presented the Report on the Microsoft Teams platform, so it was visible to all Attendees as physical distribution to Attendees was not feasible. The Trustee also noted a copy of the Report would be posted to the Trustee's website for this matter at:

<https://kpmg.com/ca/en/home/services/advisory/deal-advisory/creditorlinks/douglas-lighting-controls-inc.html>

The Trustee delivered the Report to the Attendees, which provided an overview of the Company, including the composition of its assets and creditors, the causes of its financial difficulties and any conservatory and protective measures undertaken by the Trustee prior to the Meeting. The Trustee concluded by providing details concerning claims filed in the bankruptcy and other bankruptcy administration matters.

QUESTION PERIOD

Following the delivery of the Report by the Trustee, the Chairperson opened the floor for questions:

1. Mark Mlazgar of Mlazgar Associates Inc., enquired why the Meeting was being held so soon, why notices must be mailed to creditors of the Company and why quicker, more efficient methods could not be used?

The Trustee advised that the assignment into bankruptcy was made on the 13th of June, 2023, and notices were mailed 3 business days later on the 16th of June, 2023. The Trustee noted that it is a statutory requirement for the First Meeting of Creditors to be held within 21 days of the date of bankruptcy. The Trustee also noted that mailing of notices is a statutory requirement, however, where emails were available, the Trustee also sent the notices by electronic mail to expediate the process. The Trustee clarified that purpose of the Meeting (as outlined by the Chairperson) and that no claims would be admitted, nor distribution agreed upon, at this Meeting.

2. Glen Tracy, former employee, enquired;

- I. What was the secured loan mentioned in the Report from FGI Worldwide LLC used for prior to bankruptcy given the Company was profitable until 2023?
- II. If this loan from FGI Worldwide LLC is also related to Universal Lighting Technologies Inc.?
- III. Whether Universal Lighting Technologies Inc. and Componentes Universales de Matamoros, S.A. DE C.V. are undergoing similar bankruptcy processes as Douglas in their respective countries?

The Trustee explained that the secured loan was used by Douglas for working capital purposes, and FGI Worldwide LLC ("**FGI**") provided funding to Universal Lighting Technologies Inc. ("**ULT**") and Componentes Universales de Matamoros, S.A. DE C.V. ("**Componentes**") under the same credit agreement. Although Douglas was historically profitable, the Trustee explained that, as noted in the Report, ULT had incurred significant net losses in 2022 and 2023 and as Douglas was reliant upon ULT to manufacture and provide order fulfillment for sales to customers, Douglas could not continue to operate on its own.

The Trustee explained that this secured amount owed to FGI is the total amount owed by Douglas, ULT and Componentes combined, as FGI can look to the assets of all three Companies to have its debt repaid.

The Trustee noted that it was not aware of any insolvency proceedings commenced in either the US for ULT or in Mexico for Componentes.

CONFIRMATION OF THE APPOINTMENT OF THE TRUSTEE

A motion to affirm the appointment of KPMG as Trustee of Douglas' bankrupt estate was moved by Mark Mlazgar of Mlazgar Associates (unsecured creditor) and seconded by Elizabeth Arroyo Valencia of Inter-Lite Sales Ltd. (unsecured creditor).

Votes in favour: Mark Mlazgar, Mlazgar Associates Inc., Elizabeth Arroyo Valencia of Inter-Lite Sales Ltd

Votes opposing: None

The motion was carried to affirm the appointment of the trustee, KPMG Inc.

APPOINTMENT OF INSPECTORS

The Chairperson advised the Attendees of the role of inspectors in the administration of the Company's bankrupt estate and asked if any person on the meeting would like to be nominated as inspector.

Mark Dilling of Universal Lighting Technologies (largest unsecured creditor of the estate) volunteered as inspector. The Chairperson enquired if there were any objections to Mr. Dilling acting as an inspector to the estate. As no objections were raised, a motion to appoint Mr. Dilling as inspector was moved by Elizabeth Arroyo Valencia of Inter-Lite Sales Ltd. (unsecured creditor).

Votes in favour: Elizabeth Arroyo Valencia of Inter-Lite Sales Ltd

Votes opposing: None

The motion was carried to appoint Mr. Dilling as the sole inspector.

APPOINTMENT OF SOLICITOR TO ESTATE

The Chairperson advised the Attendees that Torys has been providing legal advice to the Trustee with matters pertaining to, among other things, the validity and enforceability of FGI's security as against the assets of the Company, and the sale of FF&E and IP Assets (as such terms are defined in the Report). The Chairperson advised

that Mr. Slavens of Torys had informed the Trustee that his firm was prepared to continue to act as counsel to the Trustee going forward, as required.

A motion to appoint Torys as estate solicitor in the Douglas bankruptcy proceedings was moved by Elizabeth Arroyo Valencia of Inter-Lite Sales Ltd. (unsecured creditor) and seconded by Brian Talenti of ERT Lighting and Sales Ltd. (unsecured creditor).

Votes in favour: Elizabeth Arroyo Valencia of Inter-Lite Sales Ltd., Brian Talenti of ERT Lighting and Sales Ltd.
Votes opposing: None

The motion was carried to appoint Torys as solicitor to the estate.

CREDITORS INSTRUCTIONS/DIRECTIONS TO THE TRUSTEE

The Chairperson asked if there were any further questions/instructions/directions to the Trustee:

1. Elizabeth Arroyo Valencia of Inter-Lite Sales Ltd. (unsecured creditor) asked if the Proof of Claim provided by creditors matched the Statement of Affairs creditor's listing, will creditors still need to provide backup to their claim?

The Trustee advised that all claims must be proven and would require supporting documentation such as invoices, statement of account to be provided as backup.

2. Mark Mlazgar of Mlazgar Associates Inc., enquired if the attendee list from the Meeting will be made available?

The Trustee informed the attendees that the after the meeting, a copy of the attendee list, as well as the Trustee's Report will be made available on KPMG's creditors website.

3. Eric Chan, former employee of Douglas, asked for a link to KPMG's creditors website.

The web link to KPMG's creditors website was made available on the chat function on the Microsoft Teams platform.

ADJOURNMENT OF MEETING

The Chairperson inquired whether anyone present had any further questions or other matters of business to discuss. There being no further questions or other matters to attend to, a motion to adjourn the meeting at 10:00 a.m. was moved by Mark Dilling of ULT (unsecured creditor) and seconded Brian Talenti of ERT Lighting and Sales Ltd. (unsecured creditor).

Votes in favour: Mark Dilling of Universal Lighting Technologies, Brian Talenti of ERT Lighting and Sales Ltd.
Votes opposing: None



Amendra Singh, Chairperson

Appendix “A”

**Attendance Register at the First Meeting of Creditors
In the Matter of the Bankruptcy of
Douglas Lighting Controls Inc.**

Date: June 27, 2023

Individual's Name	Company's Name	Name of Creditor represented	Telephone Number	E-mail Address
Adam Slavens	Torys LLP	Counsel to Trustee		aslavens@torys.com
Amendra Singh	Officer of the Superintendent of Bankruptcy		778 928 0426	Amendra.Singh@ised-isde.gc.ca
Anthony Dong		Former employee		anthony.g.dong@gmail.com
Beth Arroyo Valencia		Inter-Lite Sales Ltd.		accounting@inter-lite.com
Brian Nolan		Prolux Lighting Edmonton Ltd		infoedm@prolux.com
Brian Talenti		ERT Lighting and Sales Ltd		brian@ertlightinginc.onmicrosoft.com
Calvin Sy		Former employee		calvinsy2@gmail.com
Daniel Loberto	Blakes, Cassels & Graydon LLP	FGI Worldwide LLC		daniel.loberto@blakes.com
Daniel Schultz	Riveron Consulting LLC	Officer of the Bankrupt	248 231 1220	Daniel.Schultz@riveron.com
Eric Chan		Former employee		EChan@morrisonhershfield.com
Glen Tracey		Former employee		glentracey@me.com
Jon Morgan		Vigilant Technical Sales 2017 Ltd.		jon@vigilanttechnicalsales.ca
Karen Shi	Officer of the Superintendent of Bankruptcy			Karen.Shi@ised-isde.gc.ca
Ken Violette		Apex Lighting Solutions	860 883 3220	kviolette@apexltg.com
Kevin Fletcher		Former employee		kevin.fletcher@shaw.ca
Mark Dilling		Universal Lighting Technologies		MDilling@universaldouglas.com
Mark R. Mlazgar		Mlazgar Associates	952 513 7509	markm@mlazgar.com
Matt Morgan		Vigilant Technical Sales 2017 Ltd.		matt@vigilanttechnicalsales.ca
Michelle Regan		Trustee	778 370 3436	michelleregana@kpmg.ca
Mike Lidstone		Performance Lighting		info.it@pil.lighting
Mike Noel	Torys LLP	Counsel to Trustee		mnoel@torys.com
Pritesh Patel		Trustee	416 271 1266	pritchpatel@kpmg.ca
Steven Wybo	Riveron Consulting LLC	Officer of the Bankrupt		Steven.Wybo@riveron.com
Sujeev Ruban		STL Lighting	416-604-8020	sujeev@stllighting.com
Thu Vu		Former employee		vu_mt@yahoo.ca

Appendix “B”

In the Matter of the Bankruptcy of
Douglas Lighting Controls Inc.
of the City of Burnaby in the Province of British Columbia

**TRUSTEE'S REPORT TO THE FIRST MEETING OF CREDITORS
ON PRELIMINARY ADMINISTRATION**

I BACKGROUND

Douglas Lighting Controls Inc. ("**DLC**" or the "**Company**") is a privately held corporation incorporated under the *Business Corporations Act* (British Columbia). DLC was in the business of developing and designing lighting control systems for commercial buildings, school buildings, airports, hospitals, campuses and sports complexes across North America.

On March 22, 2011, DLC amalgamated with PDM Electrical Products Limited but retained the name Douglas Lighting Controls Inc. The Company's registered office and principal place of business was leased premises located at 3605 Gilmore Way, Burnaby, British Columbia (the "**Burnaby Premises**"). The Company has a second leased office located at 7000 Cote de Liesse Road, St Laurent, Quebec (the "**St Laurent Premises**"). During the last 12 months, DLC employed 39 full-time employees and none of the employees were unionized.

DLC is a wholly owned subsidiary of Universal Douglas Lighting Americas Inc. ("**UDLA**"), a private corporation based in Nashville, Tennessee and organized under the laws of the state of Delaware. Universal Lighting Technologies, Inc. ("**ULT**") is also a subsidiary of ULDA. DLC relied upon ULT to manufacture and provide order fulfilment for DLC's sales to customers.

ULT also had a wholly-owned subsidiary, Componentes Universales de Matamoros, S.A. DE C.V. ("**Componentes**"), a corporation organized under the laws of Mexico. DLC, ULT and Componentes were originally owned by Panasonic Corp. before being acquired by Atar Capital in 2021, which combined the companies to form Universal Douglas Lighting Americas Inc.

DLC, ULT and Componentes (collectively the "**Borrowers**") entered into a sale of accounts and security agreement with FGI Worldwide LLC ("**FGI**") on March 12, 2021, for a credit facility of up to USD\$25,000,000 (as amended and restated by the second amendment to such agreement dated September 16, 2021, the "**Credit Facility**") in return for first priority security interest in and to all of the assets of the Borrowers, including a charge over all of the assets of DLC. DLC also provided a guarantee in favour of FGI to which it guaranteed the obligations of the Borrowers under the Credit Facility.

ULT had incurred significant net losses in 2022 and 2023, which were funded in part by equity injections from Atar Capital. In late 2022, the ULT received an equity injection of approximately USD \$3 million from Atar Capital in order to improve the Group's overall liquidity position.

In January 2023, Atar Capital advised the UDLA it would cease continued funding due to UDLA's continued losses and financial outlook. On January 25, 2023, Riveron Consulting LLC ("**Riveron**") was retained by

UDLA as Chief Restructuring Officer to review and assess strategic options available to the business, including a potential sale of some or all of the business.

On February 17, 2023, the Borrowers entered into a forbearance agreement with FGI. However due to UDLA's sustained losses and tight liquidity, a turnaround or sale of UDLA was not considered feasible in the circumstances. As a result, UDLA, (including its direct subsidiary, DLC, were neither able to support operations nor satisfy the terms of the Credit Facility. Accordingly, Atar Capital, FGI, Riveron, and UDLA management collectively determined that the best way to preserve value for all stakeholders was to effectuate a wind down of the business. In March 2023, DLC ceased operations and announced the closure of their facilities. DLC began to layoff its employees starting in March 2023.

As a result of the foregoing, on June 13, 2023 (the "**Date of Bankruptcy**"), DLC filed an assignment in bankruptcy pursuant to the the *Bankruptcy and Insolvency Act* (Canada) ("**BIA**"). KPMG Inc. was appointed trustee (the "**Trustee**") of DLC's bankrupt estate by the Official Receiver, subject to affirmation by the creditors at the first meeting of creditors.

On June 16th, 2023, all known creditors of DLC were provided with notice of the first meeting of creditors, a list of creditors, a proof of claim form and a form of proxy. On June 20th, 2023, notice of the bankruptcy and the first meeting of creditors was published in the National Post.

The activities of the Trustee since its appointment have primarily consisted of statutory work in accordance with the provisions of the BIA.

II CAUSES OF BANKRUPTCY

While historically profitable, the Company's financial performance significantly declined in FY23 due to the lasting impact of the Covid-19 pandemic which resulted in supply chain shortages, delays and high costs. A summary of the Company's unaudited financial results for the prior three fiscal years is set out below:

(in CAD \$000s)	FY21	FY22	FY23
Revenue	\$ 22,853	\$ 22,565	\$ 24,928
COGS	10,658	12,602	15,659
Gross Profit	12,195	9,963	9,269
Total SG&A Expenses	11,457	9,950	10,200
Net Profit / (Loss)	\$ 738	\$ 13	\$ (931)

In fiscal 2021, the Company had a net profit of approximately \$738,000. However, in fiscal 2022, the Company's net profit decreased to approximately breakeven. In fiscal 2023, DLC incurred a net loss of approximately \$931,000 due to the aforementioned supply chain challenges and increased operating costs. As a result, the Company's deteriorating financial performance, coupled with the liquidity constraints faced by UDLA, resulted in DLC experiencing a liquidity crisis.

The Trustee understands that without access to the Credit Facility, and continued manufacturing and order fulfillment from ULT, DLC would not have been able to continue as a going concern and would no longer have been able to meet its obligations as they became due.

III FINANCIAL POSITION/ASSETS

As detailed in the Statement of Affairs, the Company's realizable assets consisted of; cash on hand, inventory, accounts receivable, prepaids, machinery and equipment and intangible assets, all with a combined estimated realizable value of \$829,074 as at the Date of Bankruptcy. As noted in Section IV of this report, all of DLC's assets remain subject to the security interests of FGI pursuant to the Credit Facility.

A statutory claims process has been initiated by the Trustee, but at this time it remains uncertain what, if any, surplus funds available for distribution to the Company's proven unsecured creditors, after payment of the secured claims of FGI.

IV SECURED CREDITORS

The Company's Statement of Affairs indicates that the only known secured creditor was FGI as at the Date of Bankruptcy. As at such date, FGI was owed approximately \$8,046,855 by the Borrowers and was granted security over the applicable charged property pursuant to the Credit Facility and the related loan and security documents.

The Trustee obtained independent, written legal opinion from Torys LLP ("**Torys**") and Clark Wilson LLP ("**CW**") with respect to the validity and enforceability of such security granted in favour of FGI. Subject to the customary qualifications and limitations included therein, Torys and CW are of the opinion that the security granted by DLC in favour of FGI is valid and enforceable against all of the assets of the Company.

V SECURITY FOR UNPAID WAGES – S.81.3 CLAIMS

The Trustee is not aware of any potential claims pursuant to section 81.3 of the BIA. Based on the Company's books and records, all amounts owing in respect of wages and/or vacation pay, as well as severance and termination pay, to the Company's former employees, were paid by DLC prior to the Date of Bankruptcy. The Trustee understands the funding for these amounts were provided by FGI to DLC prior to the Date of Bankruptcy.

The Trustee will comply with the requirements of the *Wage Earner Protection Program Act*, where applicable.

VI PREFERRED CREDITORS

The Company's Statement of Affairs indicates that there were no known preferred creditors as at the Date of Bankruptcy. The Trustee understands that as at the Date of Bankruptcy, all payments owing under the Burnaby Premises and the St Laurent Premises were up to date.

VII UNSECURED CREDITORS

The Company's Statement of Affairs indicates that there are approximately 127 unsecured creditors with claims totalling approximately \$3,421,744.

VIII CLAIMS FILED

As at 9:00 a.m. on the date of this report, the Trustee has recorded Proof of Claims filed, as follows:

	Claims Filed (#)	Amount (\$)	Proxies in Favour of Trustee (#)	Amount (\$)
Secured	1	9,003,133.29	Nil	Nil
Preferred	Nil	Nil	Nil	Nil
Unsecured	6	1,401,615.46	Nil	Nil
TOTAL	7	10,404,748.75	Nil	Nil

IX CONSERVATORY AND PROTECTIVE MEASURES

In order to ensure that key information pertaining to the Company is properly safeguarded, the Trustee has retained three of the Company's former employees to assist the Trustee with, among other things, organizing and boxing the Company's books and efforts to be moved to an offsite location. It is the intention of the Trustee to further discuss the retention of these individuals with the Inspectors.

In order to realize value on the Company's furniture, fixtures and equipment (the "FF&E") located at the Burnaby Premises, the Trustee commenced a process to market the FF&E to prospective liquidators that were known to the Trustee as having interest in like assets. The Trustee commenced the process prior to the date of the First Meeting of Creditors in order to minimize the costs of incurring additional rent costs for the Burnaby Premises. As of the date of this report, the Trustee received 2 bids for the FF&E from the prospective interested parties and it is the intention of the Trustee to further discuss the sale of the FF&E with the Inspectors.

Further, the Trustee has also received unsolicited interest from third parties to acquire some or all of the Company's intangible assets (the "IP Assets") as part of ULT's realization efforts in the U.S. As of the date of this report, the Trustee was made aware of 1 non-binding letter of intent submitted to ULT by a prospective purchaser to acquire all of the intangible assets of ULT and DLC, including the IP Assets. There

have been other expressions of interest communicated to the Trustee. It is the intention of the Trustee to further discuss the potential sale of the IP Assets with the Inspectors.

X PREFERENCE PAYMENTS AND TRANSFERS UNDER VALUE

The Trustee has not performed a review of the Company's books and records, with respect to potential fraudulent preferences, settlements or transfers at undervalue, as defined in the BIA. It is the intention of the Trustee to discuss the scope of its review with the Inspectors.

XI TRUSTEE'S FEES

In consideration for consenting to act in these proceedings, ULT provided a deposit to the Trustee in the amount of \$84,750 (the "**Third Party Deposit**") to guarantee payment of the Trustee's fees and disbursements for statutory work in accordance with the provisions of the BIA, should insufficient funds be available from the Company's estate. The Third Party Deposit is being held by the Trustee in an account segregated from the funds of the estate.

XII OTHER MATTERS

Further information relating to the Company's bankruptcy proceedings may be obtained from KPMG's website at <https://kpmg.com/ca/en/home/services/advisory/deal-advisory/creditorlinks/douglas-lighting-controls-inc.html>

Dated at Vancouver, British Columbia, this 27th day of June, 2023.

KPMG INC.

in its capacity as Trustee of the estate of
Douglas Lighting Controls Inc.,
and not in its personal capacity



Huey Lee, CIRP, LIT
Senior Vice President